

Registered number: 03891060

PA Photos Limited
Unaudited
Annual report and financial statements
for the year ended 31 December 2022



PA Photos Limited

Contents

	Page
Officers and professional advisors	1
Directors' report	2
Statement of income and retained earnings	4
Balance sheet	5
Notes to the financial statements	6

PA Photos Limited

Officers and professional advisors

Directors	A J Dowsett J R Goode C P Marshall
Registered Office	The Point 37 North Wharf Road Paddington London W2 1AF
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Solicitors	Taylor Wessing LLP 5 New Street Square London EC4A 3TW

PA Photos Limited

Directors' report

The directors present their report and the financial statements of the Company for the year ended 31 December 2022.

Principal activities

The principal activity of the Company during the year continued to be that of provision of photo syndication and other picture services to the media and other customers.

Review of business

Turnover for the year was £0.1m (2021: £0.2m), a decrease of 64% as a result of the continued integration of the Company into another PA Media Group business. Operating loss was £0.8m (2021: £0.5m). Net assets were £5.1m (2021: £5.9m).

Directors

The directors, who served throughout the year and subsequently except as noted, were as follows:

A Dowsett
J R Goode
C P Marshall

Director's indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Dividends

No dividends were paid or proposed in the year (2021: £Nil).

Going concern

The Company has performed financial modelling, including applying sensitivities and stress testing various scenarios, which show that the Company continues to be cash positive. The directors take confidence from the Company and wider Group's strong cash flow position through 2022 and post year end, that the Company is able to effectively manage and mitigate these risks over the long term.

After reviewing the Company's forecasts and projections for the period of at least 12 months from the date of approval of the financial statements, and the letter of support provided by the ultimate parent company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Financial risk management objectives and policies

The Company's financial risk management objectives and policies are actively managed by the directors on a group basis.

Credit risk

The group's principal financial assets are cash, trade and other receivables and investments.

The group's credit risk is primarily attributable to its trade receivables to the extent that a customer may be unable to pay the debt on the specified due date. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows. This risk is further mitigated by the strong ongoing customer relationships and for many customers there is a dependency on an ongoing service.

Liquidity risk

The group mitigates liquidity risk by ensuring that sufficient funds are available for ongoing operations and future developments. The group holds cash on deposit and has ensured that the funds are held in a spread of money market funds and institutions.

PA Photos Limited

Directors' report (continued)

Small company provisions

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Directors' responsibilities statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period.

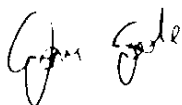
In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of financial statements.

Approved by the Board and signed on its behalf by:



J R Goode

Director

20 July 2023

PA Photos Limited

Statement of income and retained earnings

For the year ending 31 December 2022

	Note	2022 £000	2021 £000
Turnover		66	181
Staff costs	4	-	3
Depreciation and amortisation		(690)	(482)
Other operating expenses		(123)	(159)
Operating profit		(747)	(457)
Finance costs		-	-
Profit before taxation	3	(747)	(457)
Tax on profit	6	(18)	13
Profit for the financial year attributable to the equity shareholders of the Company		(765)	(444)
Retained earnings at the start of the financial year		5,716	6,160
Retained earnings at the end of the financial year		4,951	5,716

All the activities of the Company are from continuing operations.

There were no items of other comprehensive income in the current or preceding year therefore a statement of comprehensive income has not been presented.

The notes on pages 6 to 13 form an integral part of these financial statements.

PA Photos Limited

Balance Sheet

As at 31 December 2022

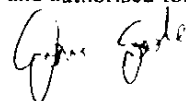
	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	7	457	1,144
Tangible assets	8	6	11
		<u>463</u>	<u>1,155</u>
Current assets			
Debtors	9	4,709	4,848
Creditors: amounts falling due within one year	10	<u>(63)</u>	<u>(84)</u>
Net current assets		<u>4,646</u>	<u>4,764</u>
Total assets less current liabilities		<u>5,109</u>	<u>5,919</u>
Provisions for liabilities	12	<u>-</u>	<u>(46)</u>
Net assets		<u><u>5,109</u></u>	<u><u>5,873</u></u>
Capital and reserves			
Called-up share capital	13	10	10
Share premium account	13	148	148
Profit and loss account	13	<u>4,951</u>	<u>5,715</u>
		<u><u>5,109</u></u>	<u><u>5,873</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies' subject to the small companies' regime and in accordance with the provisions of Section 1A of FRS 102.

For the year ending 31 December 2022 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006. The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The financial statements of PA Photos Limited (registered number 03891060) were approved by the board of directors and authorised for issue on 20 July 2023. They were signed on its behalf by:



J R Goode
Director

The notes on pages 6 to 13 form an integral part of these financial statements.

PA Photos Limited

Notes to the financial statements For the year ended 31 December 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

PA Photos Limited is a limited company incorporated in England and Wales under the Companies Act 2006. The Company is a private Company limited by shares. The address of the registered office is given on page 1.

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Section 1A of Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ (‘FRS 102’) and the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates. Accordingly, the financial statements are presented in pounds sterling (£’000).

b. Going concern

The Company has performed financial modelling, including applying sensitivities and stress testing various scenarios, which show that the Company continues to be cash positive. The directors take confidence from the Company and wider Group’s strong cash flow position through 2022 and post year end, that the Company is able to effectively manage and mitigate these risks over the long term.

After reviewing the Company’s forecasts and projections for the period of at least 12 months from the date of approval of the financial statements, and the letter of support provided by the ultimate parent company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

c. Intangible fixed assets

Goodwill

Goodwill represents the fair value of consideration paid over the fair value of identifiable net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and impairment loss. Goodwill is considered to have a finite useful life and is amortised through the profit and loss account over its useful economic life.

Goodwill is capitalised and amortised over 3-20 years based on the directors’ estimate of the durability of the underlying business. The directors review the level of goodwill for impairment at the end of the first full year following acquisition and on an annual basis subsequently if events or changes in circumstances indicate that the carrying value may not be recoverable.

d. Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Equipment - 10%-50%

e. Financial instruments

The Company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

PA Photos Limited

Notes to the financial statements

For the year ended 31 December 2022

1. Accounting policies

e. Financial instruments

Trade, group and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Trade, group and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

f. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

g. Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

PA Photos Limited

Notes to the financial statements

For the year ended 31 December 2022

1. Accounting policies

h. Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of estimated discounts, sales taxes and after eliminating intercompany sales within the Company. When the outcome cannot be reliably estimated, turnover is recognised only to the extent that it is probable that future economic benefits will flow to the Company. The Company bases its estimates on historical results, taking into account the type of customer, the type of transaction and the specifics of each arrangement.

Turnover is recognised in line with the service delivery to the customer, which is usually evenly over the contract period with reference to contract terms.

i. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items which are recognised in other comprehensive income.

j. Pension costs

Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is provided.

k. Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

l. Debtors

Short term debtors are measured at transaction price, less any impairment.

m. Creditors

Short term creditors are measured at transaction price.

n. Provisions

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the Company becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account the relevant risks and uncertainties.

2. Critical accounting judgements

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The directors have not identified any critical judgements or key sources of estimation uncertainty.

PA Photos Limited

Notes to the financial statements For the year ended 31 December 2022

3. Profit before taxation

Profit before taxation is stated after charging:

	2022 £000	2021 £000
Depreciation of tangible assets (see note 8)	2	4
Amortisation of goodwill (see note 7)	687	478
Operating lease rentals	74	81
	<u>763</u>	<u>563</u>

4. Staff costs

An analysis of staff costs is as follows:

	2022 £000	2021 £000
Wages and salaries	-	(2)
Social security costs	-	(1)
Pension costs	-	-
	<u>-</u>	<u>(3)</u>

The average number of persons employed by the Company during the period was:

	2022 No	2021 No
Operations	-	-
Sales	-	-
	<u>-</u>	<u>-</u>

In the prior year, the Company was a member of a funded defined benefit group pension scheme operated by PA Media Group Limited, namely the Press Association Pension Fund (1992) (the "Fund"), and the contributions were based on contributions across the scheme as a whole. The Fund was formally wound up on 14 December 2021. As such, the Company has no financial obligation to the Fund. For the purpose of these disclosures, the date these liabilities were bought out is 20 August 2021.

Over the year to 31 December 2022, no contributions were made by the Company to the Scheme (2021: £1.5m).

PA Photos Limited

Notes to the financial statements

For the year ended 31 December 2022

5. Directors' remuneration

The directors did not receive any emoluments for their services as directors of the Company during the year. These directors of the Company have wide ranging responsibilities for the management of PA Media Group Limited and as such their emoluments are paid by PA Media Group Limited. Accordingly, disclosures in respect of directors' remuneration have been made in the financial statements of PA Media Group Limited.

6. Tax on profit on ordinary activities

	2022 £000	2021 £000
Current tax		
UK current tax expense	-	-
Adjustments in respect of prior periods	-	(6)
Total current tax	-	(6)
Deferred tax		
Origination and reversal of timing differences	18	(7)
Tax on profit on ordinary activities	18	(13)

Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is less than (2021: less than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%).

	2022 £000	2021 £000
Profit on ordinary activities before taxation	(747)	(457)
Profit on ordinary activities by rate of tax	(142)	(87)
Expenses that are not deductible in determining taxable profit	130	-
Effect of capital allowances and depreciation	-	86
Change in tax rates	3	(21)
Group relief surrendered/(claimed)	21	35
Transfer pricing adjustments	-	(27)
Adjustments in respect of prior periods	-	1
Deferred tax not provided	6	-
Tax on profit	(18)	(13)

Factors that may affect future tax charges

The standard rate of corporation tax was 19.00% through 2022. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 19.00% (2021: 19.00%).

The March 2021 Budget announced an increase in the UK standard rate of corporation tax to 25% from 1 April 2023 and the legislation received Royal Assent on 10 June 2021. This increase was confirmed in the Autumn 2022 Budget.

The deferred tax assets and liabilities reflect these rates.

PA Photos Limited

Notes to the financial statements For the year ended 31 December 2022

7. Intangible fixed assets

	Goodwill £000	Trademarks £000	Total £000
Cost			
At 1 January 2022	7,985	3	7,988
At 31 December 2022	7,985	3	7,988
Amortisation			
At 1 January 2022	6,841	3	6,844
Charge for the year	687	-	687
At 31 December 2022	7,528	3	7,531
Net book value			
At 31 December 2022	457	-	457
At 31 December 2021	1,144	-	1,144

8. Tangible fixed assets

	Equipment £000
Cost	
At 1 January 2022	100
Additions	-
Disposals	(3)
At 31 December 2022	97
Depreciation	
At 1 January 2022	89
Charge for the year	2
Disposals	-
At 31 December 2022	91
Net book value at 31 December 2022	6
Net book value at 31 December 2021	11

PA Photos Limited

Notes to the financial statements

For the year ended 31 December 2022

9. Debtors

	2022 £000	2021 £000
Amounts falling due within one year:		
Trade debtors	58	232
Amounts owed by group companies	4,564	4,501
Prepayments and accrued income	14	24
Corporation tax	5	5
Deferred tax asset (see note 11)	68	86
	<u>4,709</u>	<u>4,848</u>

Trade debtors are stated after provisions for impairment of £2,800 (2021: £10,300). Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

10. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	6	10
Corporation tax	-	-
Other taxes and social security	11	44
Accruals and deferred income	37	30
Other creditors	9	-
	<u>63</u>	<u>84</u>

11. Deferred tax

Deferred tax assets can be analysed as follows:

	2022 £000	2021 £000
Accelerated capital allowances	<u>68</u>	<u>86</u>

The movement in deferred tax is as follows:

	2022 £000	2021 £000
At 1 January	86	79
Deferred tax charged to profit and loss	(18)	7
	<u>68</u>	<u>86</u>

Based on current capital investment plans, the Company expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

PA Photos Limited

Notes to the financial statements

For the year ended 31 December 2022

12. Provisions

	Legal costs £000	Leasehold dilapidations commitments £000	Total £000
At 1 January 2022	-	46	46
Additions	-	-	-
Utilised in the year	-	(46)	(46)
At 31 December 2022	-	-	-

This leasehold provision relates to contractual obligations to reinstate leasehold properties into their original state of repair at the end of the lease. The provisions are calculated with reference to the expired portion of the individual lease agreements where such a clause exists in the lease contract. The transfer of economic benefit will be made at the end of the lease as set out in note 14.

13. Reserves

Share premium account

Includes amounts in relation to the allotment of shares on 1 February 2000.

Profit and loss account

Includes all accumulated profits and losses.

14. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2022 £000	2021 £000
- within one year	-	29
- between one and five years	-	-
	-	29

15. Related party transactions

As a subsidiary company of PA Media Group Limited, the Company has taken advantage of the exemptions in Section 33 "Related Party Transactions" from disclosing transactions with members of PA Media Group Limited.

16. Controlling party

At 31 December 2022, the largest and smallest group in which the results of the company were consolidated is PA Media Group Limited. The consolidated financial statements can be obtained from The Point 37 North Wharf Road, Paddington, London, W2 1AF. The immediate parent company is The Press Association Limited. The ultimate parent company PA Media Group Limited has prepared consolidated group financial statements for the year ended 31 December 2022. The ultimate controlling party is PA Media Group Limited.